

Southeast Asia's Growing Energy Demand To Be Felt Well Beyond The Region

Wednesday 2 October, 2013

As fast-growing energy use in Southeast Asia leads to a sharp rise in the region's dependence on oil imports and a reduction in its surplus of natural gas and coal for export, the International Energy Agency (IEA) today urged countries in the region to take serious action to improve energy efficiency.

"Southeast Asia is, along with China and India, shifting the centre of gravity of the global energy system to Asia," IEA Executive Director Maria van der Hoeven said at the launch of a World Energy Outlook Special Report, Southeast Asia Energy Outlook, which provides a comprehensive picture of the region's energy future. Joining Ms. Van der Hoeven at the launch in Bangkok were Thai Minister of Energy H.E. Pongsak Ruktapongpisal and Hidetoshi Nishimura, Executive Director of the Economic Research Institute for ASEAN and East Asia.

The report projects Southeast Asia's energy demand to increase by more than 80% in the period to 2035, a rise equivalent to current demand in Japan. Currently the region's per-capita energy use is still very low, in part because 134 million people, or over one-fifth of the population, lack access to electricity.

Increasing reliance on oil imports will impose high costs on Southeast Asian economies and leave them more vulnerable to potential disruptions. The report projects that by 2035, the region's oil imports will rise to just over 5 million barrels per day, making it the world's fourth-largest oil importer after China, India and the European Union and doubling its dependency (to 75% of demand). Southeast Asia's annual spending on oil imports is seen rising to \$240 billion in 2035, equivalent to almost 4% of its GDP. Thailand's and Indonesia's oil import bills are projected to be the highest in the region, tripling to nearly \$70 billion each in 2035.

According to the report, Southeast Asia will see a reduction in the surplus of natural gas and coal for export, as production is increasingly diverted to domestic markets. Its net gas exports are cut by more than three-quarters to 14 billion cubic metres in 2035. The region's net coal exports also decline after 2020 as regional demand surges and demand in the wider Asia-Pacific market slackens. Indonesia's coal production rises by almost 90% as it remains, by a very large margin, the world's top exporter of steam coal.

The WEO Special Report highlights that the power sector is fundamental to the energy outlook for Southeast Asia, and that within it, coal is emerging as the fuel of choice because of its relative abundance and affordability in the region. Electricity generation is projected to increase by more than the current power output of India, with coal accounting for almost 60% of the growth. "The rising share of coal in power generation underscores the urgent need to deploy more efficient coal-fired power plants," Ms. Van der Hoeven said. Currently the average efficiency of these facilities is very low, at just 34%, owing to the almost exclusive use of subcritical technologies.

Developing policies to attract investment is vital for enhancing energy security, affordability and sustainability in Southeast Asia. Around \$1.7 trillion of investment in energy-supply infrastructure is required in the period to 2035. The report notes underdeveloped energy transport networks, the need for greater stability and consistency in the application of energy-related policies and subsidised energy prices as key challenges that must be overcome to mobilise this level of investment. The IEA noted the detrimental effects that fossil fuel subsidies have on energy markets, finding that in Southeast Asia they amounted to \$51 billion in 2012.

The report includes an Efficient ASEAN Scenario that highlights the gains possible in Southeast Asia simply by adopting energy efficiency measures that make economic sense. Doing so would cut projected energy demand by almost 15% in 2035, an amount that exceeds Thailand's current energy demand. Net oil imports would fall by around 700 kb/d, comparable with Malaysia's current production. And regional GDP would rise by about 2% in 2035, as reduced spending on energy increases disposable income and stimulates economic activity.

Beginning on Wednesday morning, the Southeast Asia Energy Outlook can be downloaded for free at www.iea.org. Journalists who would like more information should contact ieapressoffice@iea.org.

- Ends -

Related Sectors:

Manufacturing, Engineering & Energy ::

Related Keywords:

The International Energy Agency ::

Scan Me:



About the IEA:

The International Energy Agency is an autonomous organisation which works to ensure reliable, affordable and clean energy for its 28 member countries and beyond. Founded in response to the 1973/4 oil crisis, the IEA's initial role was to help countries co-ordinate a collective response to major disruptions in oil supply through the release of emergency oil stocks to the markets. While this continues to be a key aspect of its work, the IEA has evolved and expanded. It is at the heart of global dialogue on energy, providing authoritative research, statistics, analysis and recommendations.

www.iea.org/newsroomandevents/

Company Contact:

—

Rocket Pop PR

E. rocketpoppr@outlook.com

Additional Contact(s):

Jean Matthews
Samantha Jones

Beehive Mill
Jersey Street
Manchester
M4 6AY

[View Online](#)

Newsroom: Visit our Newsroom for all the latest stories:

<https://www.rocket-pop-pr.pressat.co.uk>